

November 14, 2013

The Honorable Sylvia Mathews Burwell  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

RE: FY 2015 Administrative Funding for the Social Security Administration

Dear Director Burwell:

As organizations representing stakeholders of the Social Security Administration (SSA), we respectfully request adequate funding for SSA operations be included in the President's Fiscal Year (FY) 2015 budget to address an increasing number of critical service delivery issues.

For SSA to meet its multitude of public service responsibilities, we estimate the agency will require a minimum of \$12.6 billion for its FY 2015 administrative funding. Given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, high rate of employee attrition with little hiring, and challenges presented from the recent government shutdown, we believe administrative funding for SSA should exceed \$13 billion for FY 2015.

This level of funding is necessary to respond to the increased requests for assistance from the American public due to the aging of the baby boom generation and the challenging economic environment. Without adequate funding, SSA will not be able to carry out its core mission of delivering Social Security services that meet the changing needs of the public. In fact, the programs SSA administers provide a safety net for millions of Americans, and the agency needs sufficient funds to do that.

SSA field offices continue to serve a near record number of visitors. Each day, almost 182,000 people visit field offices and more than 445,000 people call SSA for assistance. Despite agency online service initiatives and the reduction of public service hours, field offices in FY 2012 served 44.9 million visitors, which was approximately the same as in the previous three years.

Field office visitors waited more than 30% longer in FY 2013 than in FY 2012; the public waited nearly twice as long on the 800 number network to have their call answered than in FY 2012; the average busy rate for answering public telephone calls in field offices was double what it was in FY 2012; and the average busy rate in FY 2013 for answering public telephone calls on the 800 number network was nearly triple what it was in FY 2012.

SSA teleservice centers, hearing offices, program service centers, disability determination services (DDS), and field offices are in critical need of adequate resources to address their growing workloads. The recommended FY 2015 budget of no less than \$12.6 billion would allow SSA to cover inflationary increases, resume efforts to reduce hearings and disability backlogs, complete deficit-reducing program integrity work, and replace critical staffing losses in SSA's components, including field offices, teleservice centers, and DDSs.

Adequate funding would also help to minimize the closure of additional field offices. Since FY 2010, SSA consolidated 92 field offices into 46 field offices and closed 521 contact stations. The agency also cancelled plans to open 8 new hearing offices and a new teleservice center due to limited resources. In many cases, applicants for benefits or those approaching retirement age who have questions about their eligibility or benefits have been forced to travel greater distances to visit a Social Security field office.

SSA is challenged by ever-increasing workloads, the complex nature of SSA programs, and increased program integrity work with diminishing staffing and resources. Despite SSA's enormous challenges, SSA's FY 2013 appropriation for administrative funding through the Limitation on Administrative Expenses (LAE) account was nearly \$1 billion below the FY 2010 enacted level including the 0.2 percent across-the-board rescission from P.L. 113-6 as well as the \$386 million sequestration reduction.

This funding level did not allow SSA to cover inflationary costs for fixed expenses. It resulted in significant reductions in the agency's vital services, including a virtual hiring freeze in most of SSA, closing all field offices to the public one-half hour earlier (November 2012), closing all field offices at noon on Wednesdays (effective January 2013), and postponement of efficiency initiatives. Agency leadership indicates this will allow field office employees to complete interviews and claims work without using overtime. However, SSA's experience with reduced service hours suggests that fewer open hours for the public does not translate to fewer visitors or less work for the agency to process.

<b>Available Funds for SSA Budgets</b> (Dollars in Millions)				
	<b>FY 2010 Enacted</b>	<b>FY 2011 Enacted<sup>1</sup></b>	<b>FY 2012 Enacted<sup>2</sup></b>	<b>FY 2013 Enacted<sup>3</sup></b>
<b>Limitation on Administrative Expenses (LAE)</b>	\$11,477	\$11,424	\$11,446	\$11,046
<b>ITS no-year</b>	\$202	\$438	\$136	\$163 <sup>4</sup>
<b>Recovery Act Workload Processing</b>	\$353	--	--	--
<b>Total</b>	<b>\$12,002</b>	<b>\$11,862</b>	<b>\$11,582</b>	<b>\$11,209</b>

1/ After rescissions of \$23 million from LAE and \$275 million from no-year IT.

2/ FY 2012 enacted LAE was adjusted for \$7 million loss in SSI user fees from the Commonwealth of Massachusetts.

3/ The FY 2013 funding includes the 0.2 percent across-the-board rescission from P.L. 113-6 as well as the \$386 million sequestration reduction.

4/ Includes Hurricane Sandy funding of \$2 million reducing IT no-year funding to \$161 million.

SSA projects approximately 11,000 federal and state employee losses from the beginning of FY 2011 through the end of FY 2013, representing a 13% workforce reduction. SSA lost 1,203 DDS employees in FY 2011 and 990 additional DDS employees in FY 2012. These DDS staff losses equate to lost case processing capacity of nearly 800,000 disability claims annually.

As workloads rise, a greater proportion of SSA's workforce will become eligible to retire with very little infusion of new employees. SSA predicts 28% to 36% of the agency's workforce will retire over the next 10 years. The budget uncertainty combined with uneven geographic attrition and the recent government shutdown will only exacerbate this employee exodus. SSA will have approximately the same number of employees in FY 2013 as it did in FY 2007, even though

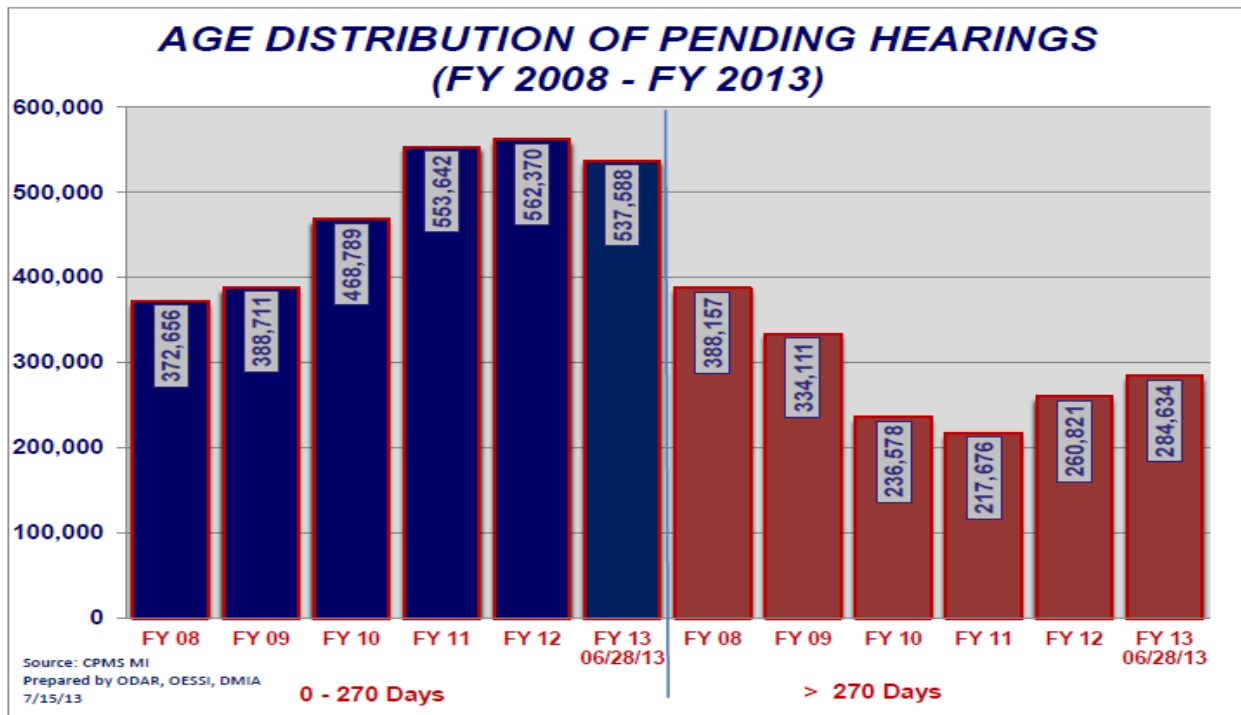
workloads have increased dramatically with retirement and survivor claims up 30 percent, and disability claims up 25 percent.

Number of SSA Field Offices with Attrition > than 5%		
Attrition	Field Offices	% of Offices
>5%	872	71.3%
>10%	664	54.3%
>20%	251	20.5%
>30%	61	5.0%

One of the greatest concerns for SSA is the huge increase in Retirement, Survivor, Dependent, Disability, and Supplemental Security Income (SSI) new claims and appeals. This increase is driven by the nearly 80 million baby boomers who will be filing for Social Security benefits by 2030—an average of 10,000 per day.

In FY 2013, on average, SSA estimated applicants waited a week longer for an initial disability claim decision, and nearly a month longer for a disability hearing decision compared to the previous year.

The chart below illustrates the increasing age distribution of pending hearing requests. In FY 2012, SSA received 849,869 requests for hearings compared to 720,161 in FY 2010. Hearing requests have increased by over 45% since FY 2006.



SSA was making progress in addressing the enormous backlog of hearings cases, but resource issues have magnified the challenges. After December 2008, when the number of pending hearings rose to 768,540, the backlog was reduced for 19 straight months, to 694,417 in June 2010. However, pending hearings began to increase again in July 2010. In September 2013,

the pending hearings reached an all-time high of 847,984, compared to 816,575 in September 2012.

Despite these unprecedented challenges, eliminating the disability hearings backlog remains a priority for SSA. Even with the dramatic increase in the volume of new hearing requests filed over the last few years, processing time was reduced from 491 days in FY 2009 to 353 days in September 2012. However, in FY 2013, the average processing time for hearing requests increased to 382 days. If SSA does not receive adequate funding for FY 2014 this progress will continue to erode and the disability hearings backlog will require even more significant resources in FY 2015 to improve service levels.

The number of disability claims pending is still not acceptable to the millions of Americans who depend on Social Security or SSI for their basic income, meeting health care costs, and supporting their families. With necessary funding, SSA can add staff and resources to address the disability pending backlogs.

Uneven geographical attrition of field office and DDS employees, combined with the ongoing hiring freeze, severely affects public service. The need for resources in these offices is critical to provide vital services to the American public. For SSA field offices, this includes resources for processing the increased disability claim effectuations from the hearing offices and DDSs and the additional claims filed because of the aging of the baby boomers and the challenging economic environment. Overall, field office staffing has decreased more than 11% since the end of FY 2010. During this same time period, nearly 700 SSA field offices (over 50% of all field offices) have lost more than 10 percent of their staff. The teleservice centers experienced 9.1% staffing reductions in FY 2012 and forecast another 350 losses in FY 2013.

Geographic staffing disparities will only increase as ongoing attrition spreads unevenly across the country. During FY 2014, SSA will most certainly have no hiring and limited or no overtime available as well as the possibility of furloughs and further contraction of public service hours until the budget picture is resolved. This leaves many offices and teleservice centers significantly understaffed and without sufficient capacity to address workloads or answer public telephone calls.

Program integrity initiatives save taxpayer dollars and are fiscally prudent in reducing the federal budget and deficit. To address program integrity, the President's FY 2014 SSA budget request included an appropriation for the two most cost-effective tools to reduce improper payments—medical continuing disability reviews (CDRs) and SSI redeterminations. The same SSA field office and DDS employees who answer telephone calls, take initial claim applications, and develop and adjudicate benefit claims, also process the following program integrity workloads:

- **442,000 medical CDRs** (approximately 200,000 below the FY 2013 President's budget request and fewer than completed in FY 2012, which was 100% more than completed in FY 2007) which save \$9 per every \$1 spent, on average.
- **2.622 million SSI redeterminations** (the same amount as in FY 2012), which provide a return on investment of \$6 in program savings over 10 years for each \$1 spent, including Medicaid savings accruals.

Program integrity backlogs have occurred due to insufficient funding. According to a Congressional Research Service report on Social Security Disability Insurance (SSDI) Reform issued on April 29, 2013:

*“In March of 2010, SSA’s OIG estimated a backlog of 1.5 million full medical CDRs at the end of FY 2010. Had SSA performed all full medical CDRs when they were originally scheduled between calendar years (CY) 2005 through CY 2010, OIG estimated that the agency would have removed approximately 90,000 to 180,000 beneficiaries from the rolls, thereby avoiding between \$1.3 billion to \$2.6 billion in payments to SSI, SSDI, and concurrent beneficiaries. In spite of recent efforts to address the backlog, SSA estimated 1.3 million pending CDRs at the end of FY 2012.”*

The FY 2014 President’s SSA budget request also included a special legislative proposal that would provide a dependable source of mandatory funding reflected in a new account, the Program Integrity Administrative Expense (PIAE) account. ***The legislative proposal would yield a net savings of \$38 billion over 10 years from medical CDRs and SSI redeterminations.*** The FY 2014 PIAE request for program integrity would allow SSA to conduct 1.047 million medical CDRs and 2.622 million redeterminations in FY 2014.

However, with SSA operating under a continuing resolution and the uncertainty posed by sequestration, there is significant concern that SSA will not be adequately funded, which would be detrimental to SSA’s stewardship responsibilities. Accomplishing additional program integrity workloads requires replacement of staffing losses and sufficient overtime to maintain public service. Without adequate funding for the proposed PIAE account, SSA would require sufficient dedicated funding for program integrity or additional funding for the LAE account to meet public service obligations and stewardship responsibilities.

For millions of Americans, SSA is the face of the federal government. Backlogs and delayed services at SSA field offices result in inefficiencies and are a source of customer frustration. Untimely services can be economically disastrous to beneficiaries with disabilities who attempt to return to work and must report their work activity.

Without question, SSA would use the President’s proposed funding for FY 2014 of \$12.3 billion for the Limitation on Administrative Expenses (LAE) account to address the growing workloads facing the agency. Projecting to FY 2015, we estimate SSA will require approximately \$300 million in additional funding just to address inflationary costs associated with items such as salaries, employee benefits, rent, and facility security.

SSA would also need additional resources to address the backlog of post-eligibility work, medical CDRs, and to recover from the recent government shutdown. ***By our estimates, this brings SSA’s overall administrative funding needs to a minimum of \$12.6 billion for FY 2015.*** Additionally, given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, high rate of employee attrition with little hiring, and challenges presented from the recent government shutdown, we believe administrative funding for SSA should exceed \$13 billion for FY 2015.

The continued consequences of an automatic across-the-board, uniform percentage reduction prescribed by the Budget Control Act (BCA) would be devastating for SSA. The impact of sequestration continues to negatively affect the members of the public who rely on SSA for essential services. If further BCA uniform percentage reductions are implemented, SSA could be forced to furlough employees and further reduce public service.

These impacts would include increased waiting time in field offices; longer claims processing times; backlogs in important post-entitlement work; higher busy rates, unanswered calls and

delays in telephone service; additional delays in pending disability hearing cases; and reduction in efforts to address cost-saving program integrity workloads such as medical CDRs and SSI redeterminations. It is essential to preserve good service to the American public at SSA. SSA must be properly funded to ensure the efficient, accurate, and expeditious administration of this vital social program.

We realize the FY 2015 funding level outlined above is not insignificant, particularly in this difficult federal budget environment. However, Social Security serves the largest and most vital component of the social safety net of America and is facing unprecedented challenges due to the aging of the baby boomers and the challenging economic environment. The American public expects and deserves SSA's assistance. SSA needs proper resources to fulfill its stewardship responsibilities and, in turn, provide a good return on taxpayer dollars.

**We respectfully request that a minimum of \$12.6 billion be included in the President's FY 2015 budget request for SSA's administrative funding. Given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, high rate of employee attrition with little hiring, and challenges presented from the recent government shutdown, we believe administrative funding for SSA should exceed \$13 billion for FY 2015.**

This will provide SSA with the necessary funding to process its core workloads, reduce the hearings backlog and accomplish critical program integrity workloads, which ensure accurate payments, save taxpayer dollars, and is fiscally prudent. We are confident this investment in SSA will benefit our entire nation. On behalf of the undersigned organizations, with members throughout the United States, we sincerely appreciate your consideration of this request.

Sincerely,

AARP

Lupus Foundation of America

The Arc of the United States

National Academy of Elder Law Attorneys

ARCH National Respite Coalition

National Alliance on Mental Illness (NAMI)

Association of Administrative Law Judges

National Association of Area Agencies on Aging

Children and Adults with Attention-Deficit/Hyperactivity Disorder (CHADD)

National Association of Disability Examiners (NADE)

Corporation for Supportive Housing (CSH)

National Association of Disability Representatives

Easter Seals

National Association of State Head Injury Administrators

National Committee to Preserve Social Security and Medicare (NCPSSM)

National Senior Citizens Law Center

National Council of Disability Determination Directors

OWL-The Voice of Midlife and Older Women

National Council of Social Security Administration Field Operations Locals, AFGE

Paralyzed Veterans of America

National Council of Social Security Management Associations

Social Security Disability Coalition

National Disability Rights Network

Social Security Works

National Multiple Sclerosis Society

Strengthen Social Security Coalition

National Organization of Social Security Claimants' Representatives

VOR - Speaking out for people with intellectual and developmental disabilities